

**JOINT EXERCISE OF POWERS AGREEMENT
SANTA CRUZ COUNTY LIBRARY FINANCING AUTHORITY**

May 1996

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EXHIBIT 1 - POPULATION ESTIMATES FOR CALIFORNIA CITIES AND COUNTIES

**EXHIBIT 2 - JOINT POWERS AGREEMENT BETWEEN THE CITY OF SANTA CRUZ AND
THE COUNTY OF SANTA CRUZ AND THE CITIES OF SCOTTS VALLEY
AND CAPITOLA**

EXHIBIT 3 - FIRST AMENDMENT TO THE WATSONVILLE LIBRARY AGREEMENT

**JOINT EXERCISE OF POWERS AGREEMENT
SANTA CRUZ COUNTY LIBRARY FINANCING AUTHORITY**

THIS agreement is dated as of _____, 199_ by and between the County of Santa Cruz ("the County"), the City of Santa Cruz ("Santa Cruz"), the City of Watsonville ("Watsonville"), the City of Capitola ("Capitola") and the City of Scotts Valley ("Scotts Valley"), collectively known as the Cities, each duly organized and existing under the laws of the State of California.

Recitals

WHEREAS, the County, Santa Cruz, Watsonville, Capitola and Scotts Valley may provide for the financing of library services and wish to form a joint powers authority under the Joint Exercise of Powers Law of the State of California, constituting Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California ("the Act"), for the purpose of establishing a vehicle which will:

1. ensure that library facilities and services will continue to be provided to the residents of each city and the County unincorporated area without regard to political or jurisdictional boundaries which now exist or may exist in the future;
2. receive General and Special Purpose Funds budgeted by the cities and the county for library purposes and any new library funds which may become available for library purposes as the result of new taxes or fees which are uniformly levied in each jurisdiction;
3. provide for the equitable distribution of funds made available to qualified and participating libraries; and
4. promote the efficient and effective operation of the libraries in the County and the maintenance of high quality library services.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises herein contained, the County and the cities of Santa Cruz, Watsonville, Capitola and Scotts Valley do hereby agree as follows:

Article I - General Provisions

Section 1.1 - Purpose. This Agreement is made pursuant to the Act providing for the joint exercise of powers common to the County and the Cities. The purpose of this Agreement is to ensure that library services shall remain available to all citizens of this County without regard to jurisdictional boundaries; provide for the equitable financing of library services in Santa Cruz County; and to promote the efficient and effective provision of high quality library services throughout the County.

Section 1.2 - Creation of Authority. Pursuant to the Act, there is hereby created a public entity to be known as the "Santa Cruz County Library Financing Authority." The Authority shall be a public entity separate and apart from the County and the cities and shall administer this Agreement.

Section 1.3 - Board of Directors. The Authority shall be administered by a board of directors consisting of five directors, unless and until such number is changed by amendment of this Agreement. The Board of Directors shall consist of the following:

(A) one member of the Board of Supervisors, appointed by and serving at the pleasure of the Board of Supervisors.

(B) one member of the Santa Cruz City Council, appointed by and serving at the pleasure of the Santa Cruz City Council.

(C) one member of the Watsonville City Council, appointed by and serving at the pleasure of the Watsonville Council.

(D) one member of the Capitola City Council, appointed by and serving at the pleasure of the Capitola City Council.

(E) one member of the Scotts Valley City Council, appointed by and serving at the pleasure of the Scotts Valley City Council.

All voting power of the Authority shall reside in the Board.

Section 1.4 - Meetings of the Board.

(A) Regular Meetings. The Board shall provide for its regular meetings; provided, however, that at least two regular meetings shall be held each year in January and June for the purpose of establishing preliminary and final distributions of

funds for the upcoming fiscal year. The date, hour and place of the holding of regular meetings may be fixed by resolution of the Board and a copy of such resolution shall be filed with the County and the cities.

(B) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of California.

(C) Call, Notice and Conduct of Meetings. All meetings of the Board, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed and conducted in accordance with the provisions of the Ralph M. Brown Act (California Government Code Sections 54950 et. seq.)

Section 1.5 - Minutes. The Secretary shall cause to be kept minutes of the meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be filed in the official records of the Authority.

Section 1.6 - Voting. Each Director shall have one vote.

Section 1.7 - Quorum; Required Votes; Approvals. A majority of the total membership of the Board of Directors shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of three of the Directors present at any meeting at which a quorum is present shall be required to take any action by the Board.

Section 1.8 - Bylaws. The Board may adopt, from time to time, such bylaws, rules and regulations for the conduct of its meetings as are necessary for the purposes hereof.

Article II - Officers and Employees

Section 2.0 - Chairperson, Vice-Chairperson and Secretary. The Board of Directors shall elect a Chairperson and Vice-Chairperson of the Authority at its annual meeting in January. The Clerk of the Board of Supervisors shall be its Secretary. The officers shall perform the duties normal to said offices. The Chairperson shall sign all contracts on behalf of the Authority and shall perform such other duties as may be imposed by the Board. The Vice-Chairperson shall sign contracts and perform all of the Vice-Chairperson's duties in the absence of the Chairperson. The Secretary shall countersign all contracts signed by the Chairperson or Vice-Chairperson on behalf of the Authority, perform such other duties as may be imposed by the Board and cause a notice of this

Agreement to be filed with the Secretary of State pursuant to the Act.

Section 2.1 - Treasurer. Pursuant to Section 6505.5 of the Act, the County Treasurer is hereby designated as the Treasurer of the Authority. The Treasurer shall be the depository, shall have custody of all funds and money of the Authority from whatever source and shall have the duties and obligations set forth in Sections 6505 and 6505.5 of the Act.

Section 2.2 - Controller. Pursuant to Section 6505.5 of the Act, the County Auditor-Controller is hereby designated as the Controller of the Authority, and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Authority. As provided in Section 6505 and Section 6505.5 of the Act, the Controller shall make arrangements with a certified public accountant or firm of certified public accountants for the annual audit of accounts and records of the Authority.

Section 2.3 - Officers in Charge of Records, Funds and Accounts. Pursuant to Section 6505.5 of the Act, the Controller shall have charge of, handle and have access to all accounts, funds and money of the Authority and all records of the Authority relating thereto. The Secretary shall have charge of, handle and have access to all other records of the Authority.

Section 2.4 - Legal Advisor. The Board shall have the power to appoint the legal advisor of the Authority who shall perform such duties as may be prescribed by the Board.

Until such time as there is a different appointment, the County Counsel shall act as legal advisor for the Authority.

Section 2.5 - Other Employees. The Board shall have the power by resolution to appoint and employ such other consultants and independent contractors as may be necessary for the purposes of this Agreement.

All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents, or employees of a public agency when performing its functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement.

None of the officers, agents, or employees directly employed by the Board shall be deemed, by reason of their employment by the Board to be employed by the County or the cities or, by reason of their employment by the Board, to be subject to any of the requirements of the County or the cities.

Section 2.7 - Assistant Officers. The Board may by resolution appoint such assistants to act in the place of the Secretary or other officers of the Authority (other than any Director) and may by resolution provide for the appointment of additional officers of the Authority who may or may not be Directors, as the Board shall from time to time deem appropriate.

Article III - Contributions

Section 3.1 - Maintenance of Effort Contributions of the Cities. The cities of Santa Cruz, Watsonville, Capitola and Scotts Valley shall contribute each year, commencing with the 1997-98 fiscal year, for the purposes set forth herein a maintenance of effort amount equal to the amount shown below:

City of Santa Cruz	\$1,394,751
City of Watsonville	541,684
City of Capitola	0
City of Scotts Valley	0

The maintenance of effort amounts shown for the cities of Santa Cruz and Watsonville are equal to each city's 1995-96 net General Fund Budget amount for Library Services for its residents. The City of Santa Cruz budget amount has been adjusted downward by \$77,000 to reflect the amount budgeted for debt service for the automation system which debt shall be retired before 1997-98.

Section 3.2 - Maintenance of Effort Contributions of the County. The County of Santa Cruz on behalf of the Unincorporated Area and the cities of Capitola and Scotts Valley shall contribute each year, commencing with the 1997-98 fiscal year, for the purposes set forth herein, a maintenance of effort amount equal to the amount of allocated taxes received by the County Library Fund through the operation of State Law less the County Library Fund's share of the Property Tax Administration Fee and the General County Overhead allocated to the County Library Fund. Allocated taxes shall include current secured property taxes, current unsecured property taxes, supplemental secured property taxes, supplemental unsecured property taxes, State Homeowners Property Tax Relief and such funds as the County Library Fund may receive as a result of Redevelopment Pass Through Agreements. Allocated taxes does not

include payments which the County may receive from the Scotts Valley and Capitola Redevelopment Agencies in lieu of the construction of branch libraries. The estimated amount of the County's Maintenance of Effort Contribution for 1997-98 is \$2,075,000.

Section 3.3 - Library Operating Revenues. In addition to the maintenance of effort contributions set forth in the preceding section, it is agreed that Library Operating Revenues such as fines, State grants, donations and bequests shall be retained by the cities or the County and shall be made available to the libraries to finance library operations.

Section 3.4 - Contribution of Revenues from New Taxes or Fees. The County shall pay to the Authority the net proceeds of any new tax or fee uniformly levied in the County and the cities of Santa Cruz, Watsonville, Capitola and Scotts Valley for library purposes upon receipt.

Section 3.5 - Method of Payment. The City and County maintenance of effort contributions provided for in Sections 3.1 and 3.2 shall be payable in twelve equal monthly installments which shall be due to the Authority on the fifteenth day of each month. Interest shall be levied on late payments at the rate of 1.5% per month.

Article IV - Annual Budget/Disbursement of Funds

Section 4.1. General. The Authority shall adopt an annual budget which provides for allocating the funds it receives to qualifying public libraries. The budget allocations shall be based on a per capita amount and service area population as defined herein. The authority shall allocate and disburse all of the funds it receives each year.

Section 4.2 - Budget Process. On or before January 15th of each year the County Administrative Office, after consulting with the Authority's Controller, shall provide Authority's Board with a report including an estimate of the funds available to the authority for the upcoming fiscal year and the population of the cities and county for the preceding January as contained in the Official State Estimates of the Population for California Cities and Counties (Report E-1 or its successor) a sample of which is attached as Exhibit 1 of this agreement. As used herein, the fiscal year begins on July 1 and ends on June 30. The Report shall include:

(A) the Estimated Amount Available under Section 3.1 and Section 3.2 of this Agreement (Maintenance of Effort Contributions;)

(B) the Estimated Amount Available from the proceeds of any new taxes or fees received by the Authority pursuant to Section 3.4; and

(C) an estimate of any carryover balances which may be available from preceding fiscal years.

Based on the Report on funds available, the Board shall make a determination for the upcoming fiscal year of the Proposed Amount to be Distributed to qualified public libraries; and the Per Capita Amount to be Distributed for the upcoming fiscal year.

A qualified public library's proposed distribution amount for the upcoming fiscal year shall be equal to the Per Capita Amount to be Distributed multiplied times the service area population of the library as defined in Section 4.3 below. The per capita amount shall be determined by dividing the Amount to be Distributed by the County's Total Population for the previous January as estimated by the State of California in its Official State Estimates (Report E-1). The final distribution amount for the upcoming fiscal year shall be determined in June following the issuance of updated population numbers by the State.

Section 4.3 - Service Area Population. For the purpose of determining the distributions provided for in this agreement the population service area of each library shall be determined as follows:

(A) Service area population shall be defined as the population, as determined by the State of California, of the city and the County unincorporated area or combinations of cities and the unincorporated area for libraries serving more than one jurisdiction such as the Santa Cruz City/County Library System, except that for the purposes of the distributions provided for in this agreement the City of Watsonville population shall be increased by five percent (5%) of the County-wide total population and the County Unincorporated Area shall be decreased by five percent (5%) of the County-wide total population. The five percent (5%) adjustment is intended to reflect the fact that Watsonville's service area is larger than the population of Watsonville and includes portions of the unincorporated area of the County. The Table below illustrates the Service Area Population for the Santa Cruz City County Library System and each of its member

jurisdictions and the Watsonville Library based on the State of California's January 1995 E-1 Population Estimate.

Jurisdiction	1995 Pop.	Adj.	1995 Adj. Popu.	% of Total	% of System
Watsonville Library	33,800	12,133	45,933	18.9%	
Library System					
-- City of Santa Cruz	52,700		52,700		26.8%
-- County Library Fund					
..Unincorporated Area	135,600	(12,133)	123,467		62.8%
..Scotts Valley	9,750		9,750		5.0%
..Capitola	10,800		10,800		5.5%
Total Library System	208,850	0	196,717	81.1%	100.0%
Grand Total	242,650	0	242,650	100.0%	NA

(B) The five percent (5%) adjustment to the population of Watsonville and the Unincorporated Area provided in Section 4.3 (A) shall be adjusted when Watsonville annexes portions of the Unincorporated Area of the County. The adjustment will decrease the amount added to Watsonville's population and the amount subtracted from the Unincorporated Area population by the number produced by the following computation: the number of households annexed multiplied times the average persons per household in the County. This adjustment is intended to eliminate a double counting of population, which would distort the population-based distribution provided in this agreement, by an annexation being included in both the Official State Population Estimates and the City of Watsonville's 5% population adjustment factor. For the purpose of the annexation computation, the average number of persons per household shall be 2.7 persons, and the number of households shall be determined by County Planning, or if either the County or the City Watsonville so requests, by a joint count of the City of Watsonville and the County.

Example: The annexation of 50 households would result in the following adjustment:

--	Number of Households Annexed	50
--	Times 2.7 persons per household	2.7

The five percent (5%) adjustment figure shall be computed each year in June using the county's total population for the previous January as estimated by the State of California in its Official State Estimates. The five percent (5%) adjustment shall then be decreased for the City of Watsonville and increased for the County unincorporated area by all annexations completed between the date of this Agreement and the previous December 1. If at any time the annexations reduce the five percent (5%) adjustment to zero, then no further adjustment shall be made for the duration of this Agreement other than the annual adjustments of service area populations.

Section 4.4 - Qualifying Public Library. The authority shall distribute funds to any jurisdiction or combination of jurisdictions operating a qualifying public library as provided below:

(A) The Watsonville Library, operated pursuant to the terms of the agreement contained in Exhibit 2 and the Santa Cruz City County Library operated pursuant to the contract in Exhibit 3 shall be deemed qualified upon certification to the authority by the administering jurisdiction that the library:

(1) is duly organized under the laws of the State of California;

(2) will allow free access to its facilities, materials and services to all residents of Santa Cruz County without regard to jurisdictional boundaries on a nondiscriminatory basis;

(3) will assign all library operating revenues, including but not limited to fines, state grants, donations and bequests, to the library for library purposes;

(4) will use all of the funds received from the Authority exclusively for operating and maintaining its library including the cost of insurance, a charge for administrative support not to exceed an amount equal to 5.5% of the net operating costs of the library system and capital improvements, provided, however, that funds for capital improvements shall not be used to supplant the obligations and plans of the Santa Cruz County, Capitola and Scotts Valley Redevelopment Agencies to construct branch libraries; and

(5) the administering agency agrees to: establish accounts and accounting procedures acceptable to the Authority's Controller which provide an accounting of all funds made available by the Authority; provide such reports on the expenditure of the funds made available as the Authority or its Controller may request; and to be subject to examination and audit for a period of five (5) years.

(B) A New City or Independent Special District

(1) It is the policy of the parties to this Agreement that any new city or independent special district with authority to provide library services to its residents be encouraged to secure library services through the libraries operated by Watsonville and the City/County Library System. However, the Authority may determine to make a per capita distribution to a new city or independent special district upon:

(a) the filing of an application with the Authority which contains the certifications in Section 4.4(A) (1) through (5); an enforceable commitment to make a maintenance of effort contribution to the Authority each year equal to the property taxes assigned to the new City for library services; and a statement explaining the City's library facility, and the reasons it believes that a new stand alone City library would contribute to the efficient and effective provision of library services in the County; and

(b) a finding by the Authority that the new City has a suitable facility, a sound management plan for operating a stand alone facility; and that the new library would contribute to the efficient and effective provision of Library Services in the County.

Section 4.5 - Payments to Qualifying Public Libraries. On the last business day of the month the Authority's Controller shall determine the amount available for payment to Qualifying Public Libraries as a result of payments made to the Authority pursuant to Sections 3.4 and 3.5 of this agreement and calculate the proportional amount due to each of the Qualifying Public Libraries. Payments shall follow within seven working days.

Article V - Powers and Duties

Section 5.1 - Powers. The Authority shall have powers common to the parties as set forth in the recitals of this agreement, to wit: the power to assist in the financing of library services.

The Authority is hereby authorized, in its own name, to do all acts necessary for the exercise of common powers, including but not limited to, any or all of the following:

- (a) to make and enter into contracts;
- (b) to sue and be sued in its own name;
- (c) to incur obligations; and
- (d) to carry out and enforce all the provisions of this Agreement.

Section 5.2 - Restrictions on Exercise of Powers. The powers of the Authority shall be exercised in the manner provided in the Act and as needed to implement the purposes of this agreement.

Section 5.3 - Obligations of Authority. Any obligations of the Authority shall not be obligations of the County and of the Cities.

Article VI - Term and Withdrawal

Section 6.1 - Term. This Agreement shall become effective upon the passage of a ballot measure on the November 1996 ballot which provides for a uniform tax levy or service charge in the County Unincorporated Area and the Cities. The agreement shall continue in full force and effect as long as the tax levy or service charge continues to exist, provided that on or after the end of the first ten years of the agreement any party may withdraw upon satisfying the notice provisions of Section 6.2. Upon withdrawal the party shall cease to have representation on the Board of Directors and will no longer have a maintenance of effort obligation or a right to participate in the distribution of Maintenance of Effort Distributions. The withdrawing party shall have a continuing right to a per capita distribution of the uniform tax levy or service charge authorized on the November 1996 ballot provided it makes the certifications required of in Section 4.4 (A). A withdrawing party shall perform all obligations under this Agreement until the effective date of the withdrawal.

Section 6.2 - Withdrawal Notice. The County or an individual city may withdraw from the Authority as provided in Section 6.1 upon the giving of three years notice no later than July 1 of any given year of its intent to withdraw from the Authority effective on July 1 three years thereafter.

Article VII - Disposition of Funds

Section 7.1 - Surplus Funds. Upon any termination of this Agreement, any surplus funds on hand shall be distributed to the County and the cities in accordance with Sections 4.2 and 4.3 of this Agreement.

Article VIII - Miscellaneous Provisions

Section 8.1 - Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

County Administrative Officer
County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

City Manager
City of Santa Cruz
809 Center Street
Santa Cruz, CA 95060

City Manager
City of Watsonville
250 Main Street
Watsonville, California 95077

City Manager
City of Capitola
420 Capitola Avenue
Capitola, California 95010

City Manager
City of Scotts Valley
One Civic Center Drive
Scotts Valley, CA 95066

Section 8.2 - Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 8.3 - Consent. Whenever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

Section 8.4 - Law Governing. This Agreement is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

Section 8.5 - Amendments. This Agreement may be amended at any time, or from time to time, only by the unanimous consent of the parties to the agreement.

Section 8.6 - Enforcement by Authority. The Authority is hereby authorized to take any or all legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 8.7 - Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 8.8 - Successors. Except as otherwise provided in Section 4.4(B), this Agreement shall be binding upon and shall inure to the benefit of the successors of the County or the Cities, respectively. Neither the County nor the Cities may assign any right or obligation hereunder without the written consent of the other.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below the name of each of the parties.

This Agreement may be signed in counter parts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

COUNTY OF SANTA CRUZ

Chairperson of the Board of
Supervisors

Dated: _____

ATTESTED

Clerk of the Board of Supervisors

Approved as to Form:

County Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized on the day and year stated below the name of each of the parties.

This Agreement may be signed in counter parts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

CITY OF SANTA CRUZ

City Manager

Dated: _____

ATTESTED

City Clerk

Approved as to Form:

City Attorney